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LIMITATION PERIOD FOR RENTS IN LEASING CONTRACTS

Ruling no. 13/2024 of the Supreme Court of Justice (STJ), published on 15 October 2024, standardised case law on the limitation period for rents due under finance lease contracts, establishing that such rents are time-barred in five years. This decision is based on the similar application of Article 310(e) of the Civil Code, which sets the five-year limitation period for conventional rents and leases.

Context and Implications of the Decision

Traditionally, the STJ has applied the ordinary limitation period of 20 years, set out in Article 309 of the Civil Code, to finance lease installments. This understanding lasted consistently between 2003 and 2022. However, Uniformity Ruling no. 13/2024 breaks with this interpretation, justifying that finance lease rents are similar to conventional rents and leases, which are already subject to the five-year limitation period.

The decision reflects the need to align the legal treatment of finance leases with the practices in force in other types of contracts, promoting greater uniformity and predictability in the legal system. In addition, reducing the limitation period may benefit debtors by limiting the period during which rent arrears can be collected, but it may also have a negative impact on creditors, who will have less time to claim their rights.

Retroactivity debate

The retroactive application of the new interpretation sparked debate among the Supreme Court judges. Some explanations of vote highlighted concerns related to the legitimate trust that the recipients of legal norms had placed in the previous guidance. More cautious judges suggested limiting the effects of the new jurisprudence over time, to avoid damaging situations that have already arisen.

This concern has practical relevance, considering that creditors of leasing contracts may have failed to take action in the past relying on the 20-year deadline. Changing this deadline retroactively could create situations of legal uncertainty, especially in litigation that is still pending.



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IMPACT OF THE RULING

The judgement will have significant practical implications for the financial sector and the parties involved in leasing contracts. Creditors will need to adopt a more proactive approach to ensure that any rent arrears are collected within the new five-year limitation period. On the other hand, debtors will have greater protection against the collection of old debts.

In addition, the decision serves as an important milestone in Portuguese civil law, demonstrating how the STJ seeks to harmonise legal interpretations with the principles of legal certainty and material justice.

CONCLUSION

STJ Ruling 13/2024 highlights the tension inherent in the standardisation of case law: on the one hand, it promotes greater coherence in the legal system; on the other, it can negatively impact the confidence of those who acted based on previous understandings.

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